

STOP DEBT SETTLEMENT COMPANIES FROM HARMING CONSUMERS DURING THE C-19 CRISIS

In recent months, we have seen a disturbing increase in NC of debt settlement company activity, and with hundreds of thousands of NC workers losing jobs, we anticipate a damaging surge of debt settlement company abuses that can be avoided by updating NC's debt settlement law.

- NC's debt settlement law was first adopted in 1963, but it has not been updated since 2005 to stop most recent industry practices.
- These companies are based outside of NC and are using misleading and aggressive advertising to convince consumers in distress that they can substantially reduce their debt, including credit card debt.
- They charge high fees, and because consumers cannot afford to pay debt settlement fees and outstanding debt, they are advised by debt settlement companies to stop paying creditors, even when loans are current.
- Consumers are often referred to lenders with whom the debt settlement companies have a relationship. As a result, consumers are saddled with new debt together with the debt settlement company's high fees.
- Typically, consumers lose thousands of dollars in fees and few debts are settled, and consumers are sued by numerous creditors, face multiple judgments, and their credit scores are significantly damaged.

This statement from a victim of a debt settlement company was taken from a recent complaint:

"I have paid the debt settlement company, over the last year, \$12,464.40 for Debt settlement of 8 accounts. ... I am now faced with 2 court filed Judgements against me and one motion to file Judgement.... Now not only do I have credit card debt to settle, I also have judgements that can lead to liens against my property AND there will be court costs that I will be responsible to pay. What started out, to me, as a solution to help consolidate my debt has turned into a scam to take as much money from me as possible with no results in diminishing my debt." China Grove NC

This legislation is supported by:

The NC State Bar
The NC Attorney General
The NC Financial Services Association

The Resident Lenders of North Carolina
The NC Justice Center
The Center for Responsible Lending

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